

# SEC98

**From:** Erin Clift <erin@kik.com>  
**Sent:** Friday, September 8, 2017 4:19 AM  
**To:** Jairaj <jairaj@kik.com>  
**Cc:** Ted Livingston <ted@kik.com>; Leonid Beder <leonid@cointree.capital>; Tanner Philp <tanner@kik.com>; Dany Fishel <dany.fishel@kik.com>; Dany Fishel <dany@kik.com>; Peter Heinke <peter@kik.com>  
**Subject:** Re: Idea for sale structure

We need to keep in mind that with participants from 130+ countries we have to consider time zones into how we approach this. And I agree with Jairaj that if we scale too slowly we risk losing momentum and frustrating participants who are waiting to participate with a more significant amount.

I like the narrative - but encourage us to think about balancing that with ensuring we not overcomplicating the process. Perhaps we can just phase in one or two add'l scheduled cap amounts before we just open it?

On Fri, Sep 8, 2017 at 7:10 AM, Jairaj <jairaj@kik.com> wrote:

Most makes sense

In terms of logistics we have to nail down specific increments. I think we have to go much faster than 2x every 12hrs. We can't wait 4 days after sale starts to cross \$100k. Maybe 6x every 3 hrs or something? That'll likely end the sale at night on the second day

On Fri, Sep 8, 2017 at 05:41 Ted Livingston <ted@kik.com> wrote:

I spoke on stage last night. I explained the idea of "slowing raising the cap" and it seemed to resonate and work well. I like it more and more as an explanation.

Something like

"Here we go! You are among the 20,232 people from 134 different countries who have successfully registered for the Kin token sale, putting Kin on track to being one of the most widely distributed cryptocurrencies in the world. We have divided the \$75 million allocation between the 20,232 people who have registered, giving us a starting individual cap of \$3,707.

We have set the exchange rate at  $\$3,707 = x \text{ ETH} = y \text{ Kin}$ . Starting Tuesday Sept 12 at 9 AM ET you and others will only have 24 hours to send us up to x ETH in return for up to y Kin. After this initial 24 hour period the individual cap will double in size every (12?) hours until all zzz billion Kin is sold. This will allow you and others to send us additional ETH for more Kin at the same exchange rate as the sale progresses.

By structuring the sale this way are ensuring a fair distribution to thousands around the world. We can't wait for you to join this project."

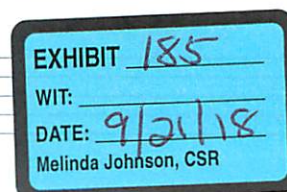
4 hours before every cap raise we email everyone again to explain that the cap has now gone up to 2x and what that means and what they should do

On Thu, Sep 7, 2017 at 7:34 PM Leonid Beder <leonid@cointree.capital> wrote:

re: skipping the first 24 hours - totally. We don't have this restriction in place.

On 8 September 2017 at 02:16, Tanner Philp <tanner@kik.com> wrote:

Dany, both good points and something to think about. One piece of feedback I've had from a few whales is that they are wondering if it will be mandatory to participate in the first 24 hours to then have access to the second tranche? I'm assuming that won't be a restriction and someone could skip the



first 24 hours and still come in on the second phase, assuming they are registered.

Based on some feedback (small data set) there may be some bigger players that opt to just wait and see if they get in for bigger amounts as some of these guys only want big blocks of currency.

In any case, I think we have really healthy demand; we want to have fair distribution, which we are doing with the 24 hour distribution - but we also don't want to overcomplicate things too much.

On Thu, Sep 7, 2017 at 1:13 PM, Dany Fishel <dany.fishel@kik.com> wrote:

I agree that it's super important to communicate that the sole purpose of the 1st 24h of the sale is to facilitate a fair distribution for all participants and allow everyone to take part. Only after we will give these people the right timeframe to do it, we will open the sale with no individual cap. I would refrain from even mentioning a number because it can be lower than \$20M.

Erin/Ted - please look at Ilan's email from today Final Alignment for Pre/During/Post TDE Web Designs maybe we should adjust some of the text (for example taking out completely the "ETH Left" available so there would be no indication on the amount raised).

Just to be the devil's advocate on the tiered approach for the 2nd tranche - I am not sure we should overcomplicated it and maybe we should just keep it simple with no cap. The advantage here would be that it would be clear that after we gave a fair chance to the massed to participate we are also treating the big contributors with respect allowing them to participate in the amount they want with no more further restrictions that can be frustrated for them as well.

If we do go with the tiered approach as Jairaj mentioned and I agree it can send a good message - we should have a clear communication about it and adjust the UX of this phase accordingly. Otherwise, it can create a lot of frustration with the whales that just need to wait and wait for their right timing to participate without knowing exactly when this will happen.

On Thu, Sep 7, 2017 at 8:06 PM, Tanner Philp <tanner@kik.com> wrote:

That makes sense - by way of update I've now spoken to 12 of them and they are all legit. I mentioned the idea of the phased in caps to the last 3 I spoke to and they think that makes sense as well.

On Thu, Sep 7, 2017 at 1:03 PM, Ted Livingston <ted@kik.com> wrote:

I just met with Fred. He also really liked the idea of raising the caps one step at a time. Gives all the whales an equal opportunity

On Thu, Sep 7, 2017 at 1:00 PM Peter Heinke <peter@kik.com> wrote:

Also, I am a little less concerned about the optics, since Tanner was able to reach out to a number of the whales and understand how they will view the process and amounts raised in the first tranche.

Thanks  
Peter

**From:** Erin Clift [mailto:erin@kik.com]  
**Sent:** Thursday, September 07, 2017 11:20 AM  
**To:** Tanner Philp  
**Cc:** Ted Livingston; Leonid Beder; Dany Fishel; Jairaj; Peter Heinke  
**Subject:** Re: Idea for sale structure

The escrow idea is a great one - good learning for ICOs going forward....

We will be very proactive in communications about our intention in our phased approach to the sale - agree on the need to set expectations.

On Thu, Sep 7, 2017 at 7:58 AM, Tanner Philp <tanner@kik.com> wrote:

I think that is a great idea. The appetite is there for the \$75mm. Peter raised a good point that from a pure optics standpoint, if you see after 24 hours only a third has been raised, but you read that about other projects selling out in seconds it may signal there is weak support. We have done this on purpose, and would be great to explicitly communicate that to everyone to set expectations and get them excited for phase 2.

We could work in Jairaj's method and say: first 2 hours are capped at X, next two hours at Y etc.

On Thu, Sep 7, 2017 at 7:51 AM, Ted Livingston <ted@kik.com> wrote:

This would have been a great idea Tanner. Perhaps a future learning we can share with others for future TDEs.

I really want everything RJ be fair, meaning everyone eta equal treatment.

An idea Erin had that I really liked is that once we have the cap, email everyone that wanted more than the cap and 1) set expectations for the first tranche (25 raised) and 2) how the second tranche will work.

On Thu, Sep 7, 2017 at 4:59 AM Leonid Beder <leonid@cointree.capital> wrote:

Hey guys,



It is an interesting idea, but unfortunately, we don't have enough runway to properly implement, test, and audit this change.

What about the following "optimization": since lifting the 24 hours hard cap is an asynchronous and manual operation, we can lift it some time before and give these people heads up.

On Sep 7, 2017 07:46, "Tanner Philp" <tanner@kik.com> wrote:

Hey guys,

I emailed all of the participants that indicated \$1mm+ (excluding China) and have been doing follow-up calls with a bunch. I've talked to 6 directly so far and all were serious about their amounts. I just got off the phone with one guy who is a pretty sophisticated ICO investor and he had an interesting suggestion for our model that I wanted to run by everyone.

It essentially gives us the best of both worlds in terms of broad distribution but also giving us higher certainty of hitting the \$75mm. Basically the premise is that people can commit higher amounts upfront to the sale and these commitments get put in an escrow account. During the first 24 hours we only accept up to the individual caps, but after the 24 hours is up, rather than people recommitting, the escrow pool fills up the remaining. This does two things:

1. People don't have to race and pay huge gas prices to get through (good for participant)
2. People can't back out (good for us)

If we build an escrow pool of say 50mm, we just need to do 25mm in the first 24 hours to guarantee we hit the cap. If the escrow pool doesn't cover what's remaining, the remainder just rolls out to the open sale like we were planning. If the escrow is over 75mm, it could either be 1) a prorata distribution and the remainder is returned or 2) first in, first out

I'm not sure what the feasibility is from a technical/security perspective, but I wanted to float it by everyone. I socialized this general concept with a couple of the other whales and they all said they would prefer to have an option where they can just commit a big amount up front and avoid having to sit by the computer and try and time up a block. So we could

probably do a little bit of book building here. Essentially pre-sell for the second part of the public sale. We could do this from the current whales in the registration - we have \$17mm of commitments from the top 40 participants

Let me know people's thoughts, or if it is even feasible.

Thanks,

Tanner

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